

INTRODUCTION: Public Debt Operations

Chapter 31 of Title 31 of the United States Code allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States." The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

- Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

- Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every four weeks. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to

mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to \$1 million for bills and \$5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

- Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2; and data for cash management bills.

- Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

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[Source: Bureau of the Public Debt, Office of Financing]

OCTOBER

Auction of 10-Year Notes

October 2 Treasury announced it would auction \$10,000 million of 10-year notes to refund \$7,614 million of notes maturing October 15 and to raise about \$2,375 million new cash. The notes offered were Treasury notes of Series D-2006, dated October 15, 1996, due October 15, 2006, with interest payable April 15 and October 15 until maturity. An interest rate of 6-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on October 8, and totaled \$23,380 million, of which \$10,005 million was accepted at yields ranging from 6.494 percent, price 100.044, up to 6.510 percent, price 99.927. Tenders at the high yield were allotted 80 percent. Noncompetitive tenders were accepted in full at the average yield, 6.502 percent, price 99.985. These totaled \$284 million. Competitive tenders accepted from private investors totaled \$9,721 million.

In addition to the \$10,005 million of tenders accepted in the auction process, \$600 million was awarded to Federal Reserve banks as agents for foreign and international monetary authorities, and \$375 million was accepted from Federal Reserve banks for their own account.

The notes of Series D-2006 may be held in STRIPS form. The minimum par amount required is \$400,000.

Auction of 2-Year and 5-Year Notes

October 16 Treasury announced it would auction \$18,250 million of 2-year notes of Series AL-1998 and \$12,500 million of 5-year notes of Series P-2001 to refund \$26,936 million of securities maturing October 31 and to raise about \$3,825 million new cash.

The notes of Series AL-1998 were dated October 31, 1996, due October 31, 1998, with interest payable April 30 and October 31 until maturity. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on October 22, and totaled \$47,890 million, of which \$18,283 million was accepted. All competitive tenders at yields lower than 5.930 percent were accepted in full. Tenders at 5.930 percent were allotted 56 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.930 percent with an equivalent price of 99.898. The median yield was 5.920 percent; and the low yield was 5.890 percent. Noncompetitive tenders totaled \$1,011 million. Competitive tenders accepted from private investors totaled \$17,272 million.

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In addition to the \$18,283 million of tenders accepted in the auction process, \$2,070 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$825 million was accepted from Federal Reserve banks for their own account.

The notes of Series P-2001 were dated October 31, 1996, due October 31, 2001, with interest payable April 30 and October 31 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on October 23, and totaled \$29,181 million, of which \$12,501 million was accepted. All competitive tenders at yields lower than 6.325 percent were accepted in full. Tenders at 6.325 were allotted 55 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.325 percent with an equivalent price of 99.683. The median yield was 6.300 percent; and the low yield was 6.240 percent. Noncompetitive tenders totaled \$326 million. Competitive tenders accepted from private investors totaled \$12,175 million.

In addition to the \$12,501 million of tenders accepted in the auction process, \$1,550 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$570 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

October 4 tenders were invited for approximately \$19,250 million of 364-day Treasury bills to be dated October 17, 1996, and to mature October 16, 1997. The issue was to refund \$18,482 million of maturing 52-week bills and to raise about \$775 million new cash. The bills were auctioned on October 10. Tenders totaled \$48,960 million, of which \$19,310 million was accepted, including \$752 million of noncompetitive tenders from the public and \$5,259 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. An additional \$868 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.34 percent.

October 29 tenders were invited for approximately \$17,000 million of 48-day bills to be issued November 1, 1996, representing an additional amount of bills dated June 20, 1996, maturing December 19, 1996. The issue was to raise new cash. Tenders were opened on October 31. They totaled \$54,347 million, of which \$17,048 million was accepted. The average bank discount rate was 5.17 percent.

NOVEMBER

November Quarterly Financing

October 30 Treasury announced it would auction \$18,500 million of 3-year notes of Series Z-1999, \$10,000 million of 9-year 11-month 6-1/2 percent notes of Series D-2006, and \$10,000 million of 30-year bonds of November 2026 to refund

\$36,667 million of Treasury securities maturing November 15 and to raise about \$1,825 million new cash.

The notes of Series Z-1999 were dated November 15, 1996, due November 15, 1999, with interest payable May 15 and November 15 until maturity. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on November 5, and totaled \$42,195 million, of which \$18,501 million was accepted at yields ranging from 5.872 percent, price 100.008, up to 5.889 percent, price 99.962. Tenders at the high yield were allotted 10 percent. Noncompetitive tenders were accepted in full at the average yield, 5.879 percent, price 99.989. These totaled \$564 million. Competitive tenders accepted from private investors totaled \$17,937 million.

In addition to the \$18,501 million of tenders accepted in the auction process, \$1,635 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$2,716 million was accepted from Federal Reserve banks for their own account.

The 6-1/2 percent notes of Series D-2006 were an additional issue of notes dated October 15, 1996, due October 15, 2006, with interest payable April 15 and October 15 until maturity. Accrued interest of \$5.53571 per \$1,000, covering the period from October 15, 1996, to November 15, 1996, was payable with each accepted tender.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on November 6, and totaled \$24,061 million, of which \$10,002 million was accepted at yields ranging from 6.260 percent, price 101.739, up to 6.283 percent, price 101.570. Tenders at the high yield were allotted 46 percent. Noncompetitive tenders were accepted in full at the average yield, 6.273 percent, price 101.643. These totaled \$306 million. Competitive tenders accepted from private investors totaled \$9,696 million.

In addition to the \$10,002 million of tenders accepted in the auction process, \$1,470 million was accepted from Federal Reserve banks for their own account.

The notes of Series C-2006 may be held in STRIPS form. The minimum par amount required is \$400,000.

The bonds of November 2026 were dated November 15, 1996, due November 15, 2026, with interest payable May 15 and November 15 until maturity. An interest rate of 6-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders for the bonds were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on November 7, and totaled \$26,841 million, of which \$10,000 million was accepted at yields ranging from 6.618 percent, price 98.470, up to 6.625 percent, price 98.380. Tenders at the high yield were allotted 51 percent. Noncompetitive tenders were accepted in full at the average yield, 6.619

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percent, price 98.457. These totaled \$258 million. Competitive tenders accepted from private investors totaled \$9,742 million.

In addition to the \$10,000 million of tenders accepted in the auction process, \$1,470 million was accepted from Federal Reserve banks for their own account.

The bonds of November 2026 may be held in STRIPS form. The minimum par amount required is \$400,000.

Auction of 2-Year and 5-Year Notes

November 13 Treasury announced it would auction \$18,250 million of 2-year notes of Series AM-1998 and \$12,500 million of 5-year notes of Series Q-2001 to refund \$28,336 million of securities maturing November 30 and to raise about \$2,425 million new cash.

The notes of Series AM-1998 were dated December 2, 1996, due November 30, 1998, with interest payable May 31 and November 30 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on November 19, and totaled \$38,440 million, of which \$18,255 million was accepted. All competitive tenders at yields lower than 5.662 percent were accepted in full. Tenders at 5.662 percent were allotted 29 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.662 percent with an equivalent price of 99.931. The median yield was 5.640 percent; and the low yield was 5.580 percent. Noncompetitive tenders totaled \$928 million. Competitive tenders accepted from private investors totaled \$17,327 million.

In addition to the \$18,255 million of tenders accepted in the auction process, \$1,950 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$285 million was accepted from Federal Reserve banks for their own account.

The notes of Series Q-2001 were dated December 2, 1996, due November 30, 2001, with interest payable May 31 and November 30 until maturity. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on November 20, and totaled \$35,821 million, of which \$12,504 million was accepted. All competitive tenders at yields lower than 5.950 percent were accepted in full. Tenders at 5.950 percent were allotted 42 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.950 percent with an equivalent price of 99.680. The median yield was 5.910 percent; and the low yield was 5.850 percent. Noncompetitive tenders totaled \$310 million. Competitive tenders accepted from private investors totaled \$12,194 million.

In addition to the \$12,504 million of tenders accepted in the auction process, \$1,320 million was accepted from Federal Reserve banks as agents for foreign and international monetary

authorities, and \$190 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

November 1 tenders were invited for approximately \$19,250 million of 364-day Treasury bills to be dated November 14, 1996, and to mature November 13, 1997. The issue was to refund \$18,870 million of maturing 52-week bills and to raise about \$375 million new cash. The bills were auctioned on November 7. Tenders totaled \$57,496 million, of which \$19,387 million was accepted, including \$701 million of noncompetitive tenders from the public and \$5,000 million of the bills issued to Federal Reserve banks for themselves. An additional \$734 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.20 percent.

Cash Management Bills

October 30 tenders were invited for approximately \$13,000 million of 34-day bills to be issued November 15, 1996, representing an additional amount of bills dated June 20, 1996, maturing December 19, 1996. The issue was to raise new cash. Tenders were opened on November 13. They totaled \$61,368 million, of which \$13,217 million was accepted. The average bank discount rate was 5.20 percent.

DECEMBER

Auction of 2-Year and 5-Year Notes

December 11 Treasury announced it would auction \$18,250 million of 2-year notes of Series AN-1998 and \$12,500 million of 5-year notes of Series R-2001 to refund \$27,768 million of securities maturing December 31 and to raise about \$2,975 million new cash.

The notes of Series AN-1998 were dated December 31, 1996, due December 31, 1998, with interest payable June 30 and December 31 until maturity. An interest rate of 5-3/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on December 18, and totaled \$40,634 million, of which \$18,250 million was accepted. All competitive tenders at yields lower than 5.874 percent were accepted in full. Tenders at 5.874 percent were allotted 16 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.874 percent with an equivalent price of 99.769. The median yield was 5.850 percent; and the low yield was 5.800 percent. Noncompetitive tenders totaled \$1,340 million. Competitive tenders accepted from private investors totaled \$16,910 million.

In addition to the \$18,250 million of tenders accepted in the auction process, \$1,450 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$875 million was accepted from Federal Reserve banks for their own account.

The notes of Series R-2001 were dated December 31, 1996, due December 31, 2001, with interest payable June 30

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and December 31 until maturity. An interest rate of 6-1/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on December 19, and totaled \$34,899 million, of which \$12,508 million was accepted. All competitive tenders at yields lower than 6.165 percent were accepted in full. Tenders at 6.165 percent were allotted 27 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.165 percent with an equivalent price of 99.830. The median yield was 6.150 percent; and the low yield was 6.110 percent. Noncompetitive tenders totaled \$412 million. Competitive tenders accepted from private investors totaled \$12,096 million.

In addition to the \$12,508 million of tenders accepted in the auction process, \$850 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$600 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

November 29 tenders were invited for approximately \$19,250 million of 364-day Treasury bills to be dated December 12, 1996, and to mature December 11, 1997. The issue was to refund \$18,792 million of maturing 52-week bills and to raise about \$450 million new cash. The bills were auctioned on December 5. Tenders totaled \$44,292 million, of which \$19,327 million was accepted, including \$795 million of noncompetitive tenders from the public and \$5,527 million of the bills issued to Federal Reserve banks for themselves. An additional \$1,201 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. The average bank discount rate was 5.16 percent.

Cash Management Bills

November 26 tenders were invited for approximately \$9,000 million of 14-day bills to be dated December 3, 1996, and to mature December 17, 1996. The issue was to raise new cash. Tenders were opened on December 2. They totaled \$44,395 million, of which \$9,060 million was accepted. The average bank discount rate was 5.18 percent.

